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December 7, 1998

VIA HAND DELIVERY

Magalie Roman Salas, Esq.
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

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DEC - 7 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

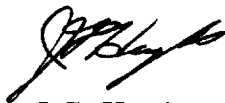
Re: CC Docket No. 96-98 - Reciprocal Compensation
EX PARTE Filing

Dear Ms. Salas:

Attached is a letter to the Chairman filed today in connection with the above-referenced matter addressing the issue of reciprocal compensation for calls to Internet service providers.

Pursuant to Section 1.1206(b) of the Commission's rules, an original and two copies of this letter and the attachment are being submitted to the Secretary's office for the above-captioned docket and a copy of this letter is being provided to each Commissioner. Should there be any questions regarding this filing, please contact the undersigned.

Respectfully submitted,



J.G. Harrington
Counsel for Cox Communications, Inc.

JGH/vll

Attachment

cc (w/o attach.): Honorable William E. Kennard
Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani

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Alexander V. Netchvolodoff
Vice President of Public Policy

December 7, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable William E. Kennard
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Re: Reciprocal Compensation for Calls to Internet Service Providers
CC Docket 96-98
Written Ex Parte Communication

Dear Chairman Kennard:

Recent press reports indicate that the Commission is concerned that its impending action on the question of the regulatory treatment of local calls to Internet service providers could prevent local exchange carriers from being compensated for the costs they incur in terminating those calls. As Cox previously has described, this is a significant concern that must be addressed in any order the Commission may issue on this topic.

Cox continues to believe that the correct result in this proceeding is to conclude that dial-up calls to Internet service providers should be treated the same as any other calls to end users and, consequently, should be subject to reciprocal compensation under Section 251(b) of the Communications Act if the calls are placed to locations within the caller's local calling area. This result would, of course, ensure the local exchange carriers are compensated for the calls they terminate.

Cox recognizes that this is not the only possible result of this proceeding. The Commission may conclude that calls to Internet service providers are interstate in nature or otherwise not subject to Section 251(b). This result would not and should not prevent the Commission from providing for appropriate compensation to local exchange carriers that terminate calls to Internet service providers. If, in fact, the Commission concludes that it has jurisdiction over calls originated and delivered within the same local calling area to Internet service providers, Cox would propose that the Commission adopt specific requirements for recovery of the costs of transmitting such calls.

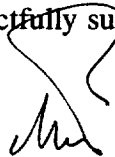
The Commission need not, however, engage in detailed cost determinations or require elaborate future proceedings, because the task of determining the appropriate level of compensation already has been completed by regulatory authorities of competent jurisdiction in the States. Every State with operating CLECs has, at least on an interim basis, determined the

Hon. William E. Kennard
December 7, 1998
Page 2

costs of terminating a call over incumbent local exchange carrier networks. This cost is the same whether a call is jurisdictionally interstate or intrastate and, most important, it is the same whether a call is terminated to a grocery store, a residence or an Internet service provider.^{1/} Thus, it would be reasonable and appropriate for the Commission to adopt and ratify the States' rates for terminating local traffic as the rates for terminating calls to Internet service providers. At the same time, it is reasonable to require the originating carrier to pay those costs because its customer is causing the cost to be incurred by placing the call.

It is important to emphasize that a decision that calls to Internet service providers are interstate in nature does not require the Commission to treat those calls as falling under existing access tariffs. As you and the other Commissioners have recognized, these calls are not traditional long distance calls and, as noted above, they do not use the same facilities or routing as traditional long distance calls. It would, as a result, be a mistake to subject calls to Internet service providers to any flavor of the current access rules. A regime that recognizes the need for the originating carrier to compensate the terminating carrier for the costs of termination is much more consistent with the nature of these calls than the existing access charge regime.

Respectfully submitted,



Alexander V. Netchvolodoff

cc: Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani

^{1/} This cost may, however, differ from the cost of terminating a call from an interexchange carrier, because terminating interexchange calls may involve different or additional facilities than terminating a call that originates in the local calling area.